

DEPARTMENT OF TRANSPORTATION**AUDITS AND INVESTIGATIONS**

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June 19, 2009

Ms. Deborah Robinson Barmack
Executive Director
San Bernardino Association of Governments
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA 92410-1715

Dear Ms. Barmack:

We received your June 11, 2009, letter in which you requested to withdraw the Indirect Cost Allocation Plan (ICAP) for San Bernardino Association of Governments (SANBAG) fiscal year (FY) 2007/08. This letter is to inform you that we are terminating our audit of SANBAG's FY 2007/08 ICAP.

After expending a significant amount of audit resources to review, accept, and initiate the audit of SANBAG's FY 2007/08 ICAP, including a field visit to your office, we were told by Mr. William Stawarski that SANBAG wished to withdraw the ICAP. Mr. Stawarski further indicated that SANBAG has not and will not bill for indirect costs for FY 2007/08. This letter will also serve as notification to the Federal Highway Administration and the California Department of Transportation's (Department) programs and district offices that SANBAG is not authorized to charge indirect costs to any federal or State funded project for FY 2007/08.

If SANBAG wishes to charge for FY 2008/09 indirect costs, SANBAG must prepare and submit an ICAP package in compliance with 2 Code of Federal Regulation (CFR) Part 225 and Local Programs Procedure 04-10. As noted in the ICAP submission requirements, accepted ICAPs are assigned for audit on a first-in-first-out basis. Due to limited audit resources, we also request that SANBAG refrain from submitting ICAPs, if SANBAG does not intend to use the approved rate to bill for indirect costs.

If you have any questions, please contact Cliff Vose, Audit Manager, at (916) 323-7919, or me at (916) 323-7105.

Sincerely,

MARYANN CAMPBELL-SMITH
Chief
External Audits

- c: Brenda Bryant, Director, Financial Services, Federal Highway Administration
Sue Kiser, Director, Planning and Air Quality, Federal Highway Administration
William Mosby, Deputy District Director, Planning and Local Assistance, District 8
Dan Mundy, Branch Chief, Rural Transit and Procurement, Division of Mass
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